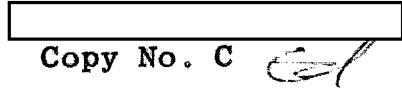
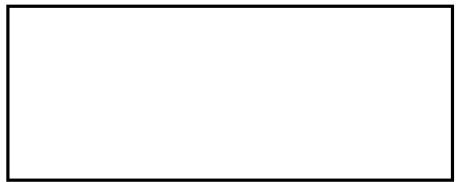


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28 January 1963



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CENTRAL INTELLIGENCE BULLETIN



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South Korea: (The government party has rejected the resignation of chief organizer Kim Chong-pil, but there is no firm evidence that the power struggle is over.)

(Junta leader General Pak Chong-hui, who has said that he is ready to back a party decision favoring Kim, has warned the ruling Supreme Council for National Reconstruction to stop involving itself in party affairs. Pak's warning may prevent a confrontation between the party and the council--the main center of resistance to Kim--and leave Kim relatively free to run the party.)

(Security forces continue on the alert in the Seoul area, and roadblocks on the access routes to the area were observed on 26 January. Army Chief of Staff Kim Chong-o has said that he was prepared should marine elements move in support of Kim's opponents.)

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Indonesia-Malaysia: (British concern over Indonesian intentions in northern Borneo has sharpened.)

(Malayan Prime Minister Rahman claims to have information that Indonesia is preparing to infiltrate guerrillas into Brunei within the next few days to support what remains of the revolt there. Rahman warns that only a strong show of force in the area by the British will deter Indonesia.)

(Britain is taking military precautions as a result of Rahman's warning. *Press reports claim that paratroopers of a Special Air Services Regiment were dropped into the North Borneo jungle this morning to investigate. Yesterday, various elements of the army strategic reserve in the UK were placed on a 72-hour alert, and additional units of the Far East Command were also alerted for possible early movement to Borneo.)

Sino-Soviet Relations: An 8,000-word People's Daily editorial opposing a "sham unity" in the bloc constitutes Peiping's public rejection of Khrushchev's appeal for an end to polemics on Soviet terms.

The 26 January editorial characterizes the appeal as a hypocritical gesture made despite continuing Soviet attacks on Chinese positions. Khrushchev and his supporters are implicitly charged with paying "lip service" to bloc unity while carefully planning the boos and catcalls directed at the head of the Chinese delegation to the East German party congress.

The crisis in Sino-Soviet relations is described as having reached "the brink of the precipice."

With uncompromising insistence on unity on Chinese terms, the editorial repeats Peiping's call for the Soviet party to take the initiative in beginning inter-party discussions.

BASED ON SOVIET ANNOUNCEMENTS		1960	1961	1962	
GROSS INDUSTRIAL PRODUCTION		9.6	9.2	9.5	
LABOR PRODUCTIVITY (INDUSTRY)	PERCENT INCREASE	5.3	4+	7	
	1960	1961	1962	1963 (Plan)	U.S. 1962 (Preliminary)
STEEL (MILLION METRIC TONS)	65.3	70.8	76.3	80	89
OIL (M.M.T.)	147.9	166.1	186	205	360
GAS (BILLION CUBIC METERS)	47.2	60.9	75.2	88	385
ELECTRIC POWER (BILLION KILOWATT HRS)	292.3	327.6	369	407.9	1004
MINERAL FERTILIZER (M.M.T.)	13.9	15.3	17.2	20	33.1 (1960)

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THE SOVIET ECONOMIC SITUATION

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***USSR Economy:** Soviet heavy industrial development in 1962 continued to receive clear priority over consumer goods production and agriculture.

The 1962 plan fulfillment report issued by the Soviet Government on 26 January indicates that, in general, trends of the preceding year were maintained. Industrial output is claimed to have increased by 9.5 percent, very slightly above the 1961 rate, but investment problems in certain key industries continued.

One of the main propaganda features of the report is the self-styled "competition" with the US, which is presented in the usual terms highly favorable to the Soviets. For example, the Soviets claim that their industrial production has reached 63 percent of US production, whereas US estimates place Soviet industrial production at less than half that of the United States.

Agricultural results in 1962 were mediocre, despite Khrushchev's expressed concern and a fairly large increase in acreage. The report claims a record grain harvest of 9 billion poods (147 million metric tons), but this is believed to be exaggerated. US estimates (based on acreage, crop and weather information) place the harvest at about 115 million tons--well below the record 1958 crop.

No information was given on the important potato crop, which is believed to have been the worst in more than a decade. (Chart)

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NOTES

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[Redacted]
Laos: The Laotian cabinet voted on 25 January to establish diplomatic relations with East Germany at the legation level. General Phoumi is confident that he can block implementation of the vote. There is danger, however, that leftist Foreign Minister Qunim may push this matter vigorously so as to forestall any blocking action. [Redacted]
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USSR-Cambodia: Cambodia has accepted in principle a December 1962 Soviet grant offer of [redacted] MIG aircraft, [redacted] Moscow is also reported willing to provide a training mission for the equipment. In the past, Sihanouk has frequently alluded to firm offers of Communist military aid, but has not entered into any commitments for fear of jeopardizing US military support. [redacted]

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USSR-India: R. K. Nehru's remarks in Moscow suggest that he has obtained assurances of additional Soviet aid for the later years of India's Third Five-Year Plan (1961-66). Nehru, the top civil servant in India's External Affairs Ministry, has been in Moscow for a week of wide-ranging talks with Soviet leaders. Existing Soviet credits for India's

Third Plan total \$500 million. [redacted]

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Bolivia: Rivalry between two sizable groups of rural Indians in the La Paz area may shortly erupt into armed conflict. One group has been reported in contact with Castro Cubans for some months, although the degree of Cuban involvement is not known. The Bolivian Government has the strength to control the situation, but in the past it has sometimes encouraged outbreaks of violence as a justification for such measures as a suspension of civil liberties.

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